

**THE STUDY OF GROWING TREND OF FINTECH SOLUTION BASED SERVICES AND ITS PERCEPTION, USABILITY WITH SPECIAL REFERENCE TO MUMBAI**

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### Abstract

Business, banks and financial institutions have expanded their reach as a result of technological advancements. Governments have taken the necessary steps toward digital transformation and the promotion of FinTech initiatives, realising the potential of FinTech to contribute to financial inclusion and stability. It is vital to investigate the awareness and perceived utility of various technologies involved in providing fintech services in order to increase the adoption of fintech services. The purpose of this essay is to look into the relationship between various demographic characteristics, FinTech acceptance, consumer perception, user pattern, and limits when using FinTech services. The findings, based on a survey of 120 people, show a strong link between the use of FinTech services and various demographic features



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### Introduction

The word FinTech was coined in the twenty-first century to describe the technology employed in the back-end of financial institutions. FinTech aids firms, company owners, and consumers in managing their financial operations and processes with specialised software and algorithms. In today's world, FinTech has expanded to include the invention and use of cryptocurrencies such as Bitcoin. Despite the fact that diverse FinTech industries are continuously gaining pace, a substantial portion of FinTech still concentrates on the



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traditional global banking industry. And India is leading the way in the FinTech revolution. As a result of the epidemic forcing the use of digital financial services, fintech companies in India have seen fast growth. India's Fintech startups garnered \$2 billion in investment in the first half of this year, according to KPMG's Pulse of Fintech H1'21 report, with digital payments leading the way, followed by insurtech. Payments, lending, wealth management, insurtech, neo banking, and blockchain are all examples of fintech segments. Increase outreach, improve customer experience, minimise operational friction, and stimulate adoption and usage of the digital channel are just a few of the significant structural concerns ailing Indian financial services. As conventional banks and financial service providers play catch-up with these more nimble and inventive start-ups, their legacy-prone processes and higher operating cost models will provide digital FinTech startups an advantage.

FinTech has the potential to grow the market, shape customer behaviour, and affect long-term changes in the financial system (Das A, Das D, 2020)

In three ways, Indian FinTech firms have the capacity to transform the financial services landscape: FinTech businesses are expected to lower costs while also improving the quality of financial services. The benefits of leaner operating models can be passed on to customers since they are not encumbered by old operations, IT systems, or expensive physical networks. The FinTech industry will create new and novel risk assessment models.

FinTech is fast transforming the banking industry's face, with some banks now adopting digitization, paperless, and cashless processes. FinTech is a word used to describe developing digital technology that aims to improve and automate the delivery and utilisation of financial services for the uninitiated. FinTech is a mix of "financial technology" and "finance." The demonetization resulted in tremendous growth in digital payments. With the government initiative such as Digital India and increased use of mobile and internet are means to exponential growth in use of digital payment. This transformation towards digital payments benefits in more transparency in transactions which empowers the country's economy. In recent days many changes took place in the payment system like digital wallets, UPI and BHIM apps for smooth shift to digital payments. (K. L., Greenfields, V., 2018) Top Fintech companies in India

Ranking	Company Name	Business category	City	Total Funding
1	<b>Paytm</b>	Mobile wallet, e-commerce platform and payment bank	Noida	\$890M
2	<b>MobiKwik</b>	Mobile wallet, recharge ,bill Payments	Gurgaon	\$86.8M
3	<b>BankBazaar</b>	Online marketplace providing customized rate quotes on loans And insurance products	Chennai	\$80M
4	<b>Policy bazaar</b>	Leading online insurance Aggregator in India	Gurgaon	\$69.6M
5	<b>FINO PayTech</b>	Financial inclusion technology provider	Mumbai	\$65M
6	<b>Its Cash</b>	Multi-Purpose Prepaid Cash Card	Mumbai	\$50.6M
7	<b>CapitalFloat</b>	Online lending platform for small businesses	Bangalore	\$42M
8	<b>Mswipe</b>	PoS terminal for accepting card payments	Mumbai	\$35M
9	<b>Ezetap</b>	Payment device maker	Bangalore	\$35M
10	<b>CitrusPay</b>	Payment gateway and mobile wallet	Mumbai	\$34.5M

Source: Tracxn .(June06,2016).India's50 Most Well-Funded Fintech Companies.

### Review of Literature:

Kaur, J., & Dogra, M. (2019), Fintech (financial technology) is a new type of technology designed to compete with established financial methods in the supply of financial services. Based on a sample of top ten Fintech entrepreneurial initiatives, the current study critically assessed the rising notion of financial technology. The sample was chosen based on the Fintech Asia ranking report that was recently published (A Fintech news source). The study looked at the top 10 Fintech ventures based on their vision, mission, and growth analysis in



## Electronic International Interdisciplinary Research Journal

Volume-XI, Issues-I

Jan - Feb 2022

terms of the most recent investment kind. The funding kind of Paytm Payments Bank, Incred, and Fino Payments Bank has not been revealed, according to the findings. Similarly, Financial Software and Systems and Bank Bazaar have stated that the 'D' form of funding is their final funding option. The last financing category revealed by Policy Bazaar is E type funding. While Itz Cash Card, Mobikwik, Capitalfloat, and Lendingkart have all announced a Series B funding round.

Vijai, C. (2019), Fintech stands for financial technology, and it is used to create alternative banking and non-banking finance services. Fintech (financial technology) is a new concept in the financial business. The primary goal of this paper is to examine the opportunities and problems that exist in the fintech business. It describes the fintech industry's evolution as well as current financial technology (fintech) in the Indian finance sector. Fintech makes transactions more secure for users by digitising them. Fintech services provide the advantages of lower operating costs and more user-friendly interfaces. Fintech services in India are among the fastest growing in the world. Fintech services will transform the Indian financial sector's routines and behaviour.

Baporikar, N. (2021, Fintech refers to the new procedures and products that have emerged as a result of digital technological breakthroughs in the financial services industry. Fintech refers to technology enabled financial innovation that results in new business models, applications, procedures, or products, all of which have a significant impact on financial markets, institutions, and financial services. India is evolving into a dynamic environment that provides a platform for Fintech start-ups to grow into billion-dollar unicorns. Fintech in India is pursuing a variety of goals, from entering new areas to exploring global markets. The historically cash-based Indian economy has reacted favourably to the Fintech opportunity, which has been fueled in part by an increase in e-commerce and smartphone adoption. However, India's growth is still not on par with its global peers, but it is well positioned thanks to a robust tech talent pipeline.

### Materials and Methods

#### Objectives

- To Highlight the growth of fintech companies in india and its different solutions
- To examine the relationship of demographic factors with adoption of technology

- To study the perception of customers relating to adoption of fintech services.

### Hypothesis

- There is no association of occupation with adoption of fintech services by customers
- There is no correlation of positive perception and adoption of technology by customers

### Methodology

The research is empirical in character and is based on primary data. The study's geographical scope includes Mumbai. Customers of a private bank, foreign banks, and public sector banks are chosen for the purpose of data collection. Data collection technique: Primary sources are mostly employed for data collection, with a structured interview schedule being used for primary data collection. Secondary data is also gathered from a variety of reports and periodicals. Size of the sample: There are 120 people in the sample. Convenience sampling is a sampling strategy. The percentage method, chi-square test, and weighted mean are used to examine the data.

### Findings and results

**Table 1: Demographic profile**

*Frequency Table for Nominal and Ordinal Variables*

Variable	<i>n</i>	%
Age		
25-30 Years	24	20.00
30-40 Years	18	15.00
40-50 Years	46	38.33
50-60 Years	32	26.67
Missing	0	0.00
Education		
H.S.C	15	12.50
Graduate	55	45.83
Post-Graduate	50	41.67
Missing	0	0.00
Occupation		
Private Sector Employee	31	25.83
Government Employee	9	7.50

Self-employed / Own business	40	33.33
Professional	8	6.67
Others(Freelancing, Home makers)	12	10.00
AnnualIncome		
Upto 3 Lakhs	34	28.33
3 lakhs to 6 lakhs	16	13.33
6 lakhs to 12 lakhs	38	31.67
12 lakhs and above	32	26.67
Missing	0	0.00

**Table 2: Association of Occupation with Adoption of Fintech technology**

	Never	Rarely	Sometimes	Often	Frequently	Chi Sq	Df	P Value
Occupation								
Private Sector Employee	20	8.7	6.9	55.9	8.6	101.264	16	0.000
Government Employee	9.4	7.3	14	48.8	20.44			
Self-employed / Own business	0	0	21.6	28.4	50			
Professional	5	25	10	30	30			
Others(Home makers)	58.6	20.6	4.9	11	4.9			

While examining the relationship between occupation and adoption of FinTech services, a positive relation has been found, and it is observed that the p value  $<0.05$  (see above table) resulted in the rejection of null hypothesis and shed light that there is association between the occupation of the respondents and the adoption of technology-based financial services.

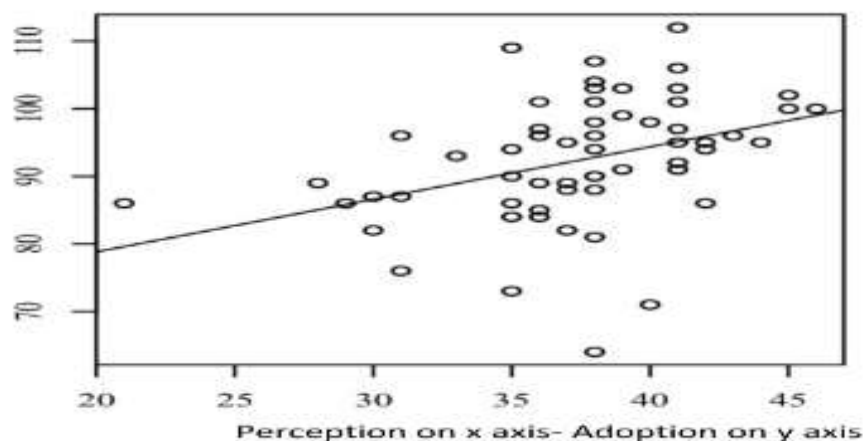
Pearson coefficient of correlation between Perception and adoption of technology

A Pearson correlation analysis was conducted between Perception of fintech solutions and Adoption of technology. Cohen's standard was used to evaluate the strength of the relationship, where coefficients between .10 and .29 represent a small effect size, coefficients between .30 and .49 represent a moderate effect size, and coefficients above .50 indicate a large effect size (Cohen, 1988).

### Assumptions

**Linearity.** A Pearson correlation requires that the relationship between each pair of variables is linear (Conover & Iman, 1981). This assumption is violated if there is curvature among the points on the scatterplot between any pair of variables. Figure 1 presents the scatterplot of the correlation. A regression line has been added to assist the interpretation.

**Figure 1**



*Scatterplots with the regression line added for Openness and Emotional Intelligence*

### Results

The result of the correlation was examined based on an alpha value of 0.05. A significant positive correlation was observed between perception about fintech solutions and Adoption of technology ( $r_p = 0.38$ ,  $p < .001$ , 95% CI [0.21, 0.52]). The correlation coefficient between perception and Adoption of technology was 0.38, indicating a moderate effect size. This correlation indicates that as positive perception increases, Adoption of technology tends to increase. Table 3 presents the results of the correlation.

Table 3

**Pearson Correlation Results between Perception and Adoption**

Combination	$r_p$	95% CI	$p$
Perception- Adoption	0.38	[0.21, 0.52]	< .001

*Note.n = 120.*

**Discussions**

There is significant relationship between the occupation and usage and adoption of technology for fintech services. The results of perception shows that the majority of respondents believe that technology-based financial services are convenient and user-friendly, provide fast and rapid services, provide a spending analysis, lower financial service costs, and minimise the burden of managing cash. The fact that the applications may only be utilised for higher amounts of transactions was also disliked by 55 percent of the respondents. Furthermore, 86 percent of respondents disagreed that the apps are exclusively useful for educated people, while only 14 percent believe that technology-based services are suited for educated business class people. The use of digital payments is increasingly replacing traditional ways of payment in the studied area. However, it has been discovered that respondents from marginalised groups only use debit cards to withdraw money from Business Correspondents' outlets. Although payment-based FinTech services have seen a lot of uptake in the study region, the same cannot be said for FinTech enterprises that work in the lending industry. The providers of those services should run literacy programmes to raise public awareness of the services and encourage their use. The respondents' top challenges when using FinTech services are server issues, a lack of technical know-how when using technology-based services, and insufficient security, such as getting fraudulent calls and messages. Regular transaction monitoring can reduce cyber vulnerability, and suitable measures should be in place to reduce server issues.

**Conclusion**

The study investigates the impact of adopting fintech services on Indian customers. The findings show that deploying technology for digital payments has enhanced company and overall service performance, as well as the ability to achieve the goal of a cashless society. The percentage of people who believe that technology should be used to its full potential is highlighted in the survey. Banks should take proactive steps to raise awareness about the





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proper use of technology and security. Fintech services provide the advantages of lower operating costs and more user-friendly interfaces. Fintech services in India are among the fastest growing in the world. Fintech services will transform the Indian financial sector's routines and behaviour.

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